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_____ NATIONAL INTELLIGENCE DAILY CABLE _____

_____ Monday March 14, 1977 _____

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State Dept. review completed

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Monday, March 14, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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ZAIRE: Situation Report

25X1 [REDACTED] //The former Katangan gendarmes who struck into
Zaire's Shaba Province last week apparently are continuing to
consolidate their positions around the towns of Dilolo, Kisenge,
25X1 and Kapanga, which they occupied in the initial phase of the in-
vasion. [REDACTED]

25X1 [REDACTED] The supply situation may begin to ease this week, how-
ever. The Belgian government has responded favorably to Presi-
dent Mobutu's request for assistance, and several transports are
due to leave Belgium for Zaire shortly.

25X1 [REDACTED] The US embassy in Kinshasa has received reports from
western Shaba that some of the local inhabitants are welcoming
the invaders. The former Katangan gendarmes appear to be well
disciplined and are treating the population well. They apparently
are describing themselves as liberators.

25X1 [REDACTED] Press accounts over the weekend indicate that a group
calling itself the Congolese National Liberation Front is claim-
ing credit for the offensive. The US embassy reports that the
organization was established in Angola in 1963 by the former gen-
darmes. The front is said to be led by the former gendarme com-
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ITALY: Campus Violence

25X1 [] Violent clashes between students and police in Italy over the weekend were the most serious and widespread so far in the country's current wave of student unrest. The incidents are symptomatic of the growing political violence which, in recent months, has begun to rival the country's economic problems as a matter of concern for Italian government and party leaders.

25X1 [] The climate of violence on Italian campuses stems in part from the shrinking job opportunities for graduates and a belief among students that the government's recent university reform proposals are designed to roll back the liberalization of admission and curriculum requirements that resulted from the last round of university unrest, in 1968.

25X1 [] The immediate cause of the events this weekend, however, was the killing of a leftist student leader by police in Communist-run Bologna. Students had barricaded the university there last week to protest the sentencing of a leftist youth in connection with the murder of a right-winger two years ago.

25X1 [] The incident in Bologna triggered violent student demonstrations in other major cities, including Rome, Naples, Florence, and Milan. In Turin, a police officer involved in the investigation of students was murdered in retaliation for the killing in Bologna.

25X1 [] Student-related violence is posing a particular problem for the Communist Party, which--by virtue of its tacit support for the Christian Democratic government--is increasingly regarded

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by students as part of the establishment. The party was stunned last month, for example, when the head of the Communist-dominated labor union was driven violently from the campus of Rome University after giving a speech intended to assert Communist leadership of the student protest movement there. The Communists will doubtless also be embarrassed by the outbreak of violence in Bologna, which the party always holds up as a model of efficient municipal administration.

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[redacted] The Communists' concern over their image among students stems primarily from the major contribution that the youth vote made to the party's sharp gains in recent elections.

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[redacted] Except for a brief pause in January, political violence in general has been increasing sharply since last fall. These incidents are mainly the work of left- and right-wing extremist groups not associated with the regular political parties. The attacks have increasingly focused on government and public institutions, as well as on business and industrial establishments.

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[redacted] The government recently issued a series of decree laws designed to make it easier for the authorities to move against extremists. Comments yesterday by Prime Minister Andreotti suggest that he may use the violence this weekend to speed up consideration of police, judicial, and educational reform legislation, which has been stalled by political differences among the parties that support his government.

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[redacted]

NAMIBIA: Turnhalle Conference

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[redacted] The constitutional conference on independence for Namibia is drawing to a close. According to a South African official, the full conference has been considering draft segments of an interim constitution as they emerge from the small drafting committee. The official expects the conference as a whole to end by Tuesday.

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25X1 [] The one remaining issue--whether there should be a prime minister, as wanted by the nonwhites, or a chairman of the council of ministers, as wanted by the whites--has been resolved in the whites' favor. The chairman must have the unanimous approval of the one white and the ten nonwhite delegations in the national assembly, thus effectively giving a veto to the whites.

25X1 [] Despite seemingly major problems during the constitutional drafting period, which began in January, the conference has stayed remarkably close to the schedule predicted by Dirk Mudge, the moderate white chairman of the drafting committee. Mudge is probably the leading choice to be the first chairman of the council of ministers during the interim period before full independence, tentatively scheduled for December 31, 1978.

25X1 [] Once the conference ends, a formal proposal for the establishment of an interim government will be sent to South Africa. Prime Minister Vorster is likely to push the enabling legislation through his parliament as quickly as possible.

25X1 [] The draft interim constitution reflects an uneven compromise between the conflicting ethnic interests--favorable to the whites, but with potentially significant concessions to the nonwhite groups. The central government is to have nominal jurisdiction over such important matters as industry, labor, social services, and justice. The prescribed composition of the central government, however, would leave the "second-tier" units--the governing bodies of each tribal homeland and the white sector--with ample power to block any substantial action by the central government. The council of ministers is to have one member selected by each ethnic group, and decisions of the council are to be by consensus.

25X1 [] The larger ethnic groups are to have more seats in the National Assembly than the smaller ones, but legislation is to be approved by a majority within each delegation. The existing homeland legislatures are to retain much of their present jurisdiction over their peoples and lands, and also are to select the ethnic delegations to the National Assembly. A bill of rights guarantees freedom of speech and association and freedom from racial discrimination, but enforcement provisions appear inadequate.

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[] According to the South African press, a spokesman for the South-West Africa Peoples Organization has predictably denounced the work of the constitutional committee as a "Bantustan policy in thin disguise."

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[] The continuation of white political and economic predominance in Namibia at least through the period of the interim government will give SWAPO a major propaganda target, as it seeks in coming months to gain adherents to its cause both in Namibia and elsewhere. []

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FRANCE: Municipal Elections

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[] Gaullist leader Jacques Chirac appears to have won the first round of his bid to become mayor of Paris. Elsewhere in France the Socialist-Communist alliance made impressive gains in yesterday's nationwide municipal elections.

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[] Incomplete returns indicate that Chirac won about 26 percent of the first-round vote in Paris and that Minister of Industry d'Ornano, President Giscard's hand-picked candidate, won 21 percent. The left picked up around 33 percent of the vote in Paris and the ecologists--an important swing group--11 percent. The ecologist vote is expected to split between the left and the Giscard forces in the run-off election next Sunday.

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[] In France's more than 200 cities with a population of over 30,000, the left obtained about 52 percent of the vote while the center-right won 46 percent. The left apparently won control of more than 20 townships that had been held by the conservative forces, including Brest, Chartres, and Reims. Pro-government forces were able to take three towns from the Socialist-Communist opposition. The majority of contests have not been decided and will be settled in the run-off.

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[] The leftward shift in the country appears to have had a sobering effect on the quarreling parties within the governing coalition.

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[] A spokesman for Giscard's Independent Republican Party has urged that the parties in the coalition end their rivalry. D'Ornano has announced that those of his candidates who

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finished second yesterday will not enter next Sunday's run-off in order to prevent a leftist victory. Chirac already had agreed to such a step. [REDACTED]

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UN: World Water Conference

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[REDACTED] The United Nations Water Conference, which opens on March 14 in Mar del Plata, Argentina, will consider how best to manage world water supplies. The conference is directed at policy planners in the hope that concern about water will be translated into a series of concrete proposals for national, regional, and international action. Senior officials from some 135 countries are expected to participate, along with representatives from a number of international, regional, and non-governmental organizations.

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[REDACTED] The primary objective of the conference is to avert threatened water crises in the next few decades. In many areas of the world, present rates of water consumption are already straining available supplies. This problem will be worsened by rapid population growth and by increased industrialization, urbanization, and agricultural development. At the same time, inadequate waste disposal systems and the proliferation of man-made chemicals and other pollutants are contributing to a serious deterioration in the quality of water.

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[REDACTED] The emerging crisis has far-reaching implications for all countries, particularly the less developed ones. Living standards in all societies are closely related to water use, and higher standards require higher use rates per capita. Water has become an important limiting factor in development and progress in most countries, enhancing the potential for social, political, and economic instability.

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[REDACTED] The Mar del Plata meeting could result in an international consensus on a number of policy and operational measures. It also could begin an unprecedented review of the whole range of water problems: inadequate potable supplies, pollution, water-borne disease as well as drought and flood.

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[REDACTED] The small budget and broad focus of the conference will make it difficult to achieve even limited goals.

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[redacted] Additional complications will come in the form of the political issues usually raised at UN conferences. A number of the attending states will, moreover, see the meeting as an opportunity to focus international attention on bilateral water-related disputes, such as the Israeli-Jordanian dispute over the use of Jordan River water and the Indian disagreement with Bangladesh over equitable use of Ganges River water. [redacted]

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SAUDI ARABIA: Crude Oil Pipeline

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[redacted] Saudi Arabia's state oil company last month awarded Mobil Overseas Pipeline Company a contract to manage the design and construction of a 1,270-kilometer crude oil pipeline linking Saudi Arabian oil fields with the Red Sea. The pipeline, projected to cost \$1.6 billion, will be financed entirely by Saudi Arabia and will be constructed by a Japanese firm.

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[redacted] The pipeline will carry crude from the Khurais and Ghawar fields in the Eastern Province to Yanbu on the Red Sea. Three additional fields--Mazalij, Abu Jifan, and Qirdi--may be developed to feed the pipeline. The Saudis expect the pipeline to be completed in late 1981. It will eventually have a capacity of between 2 million and 2.3 million barrels per day.

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[redacted] Most of the crude will be exported through a terminal, to be built at Yanbu, capable of berthing the largest tankers now in operation. Crude exports will be shipped to the Mediterranean via either the Suez-Mediterranean pipeline or the Suez Canal, which Egypt is planning to expand to accommodate larger tankers by 1982. Some crude will also be used to supply a refinery and petrochemical complex at Yanbu.

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[redacted] The Saudis' motives in constructing the pipeline are partly strategic. The project will provide an oil export route that avoids the Persian Gulf and more particularly the strategic Strait of Hormuz. The only other such route for Saudi oil to the Mediterranean--the Trans-Arabian Pipeline--has been closed to exports for more than 2 years.

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[redacted] Saudi Arabia, as part owner of the Suez-Mediterranean pipeline, hopes to make the Yanbu export operation a viable input for it. The state oil company probably will set transit

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fees for its east-west pipeline at a level that will make the entire transport operation, including shuttling crude across the Red Sea by tanker, economically feasible. Mobil, which has a 10-year contract to ship crude through the Suez-Mediterranean pipeline, can be expected to become a major client of the new Saudi pipeline. [REDACTED]

KENYA-TANZANIA: Tensions Easing

[REDACTED] Frictions between Kenya and Tanzania which followed Kenya's grounding of the debt-ridden East African Airways and Tanzania's retaliatory closure of the border have eased in recent weeks. Mutual interests, such as dividing the airline's assets impounded by Kenya and a shared concern over Ugandan President Amin, may lead to further cooperation between the two governments, but economic, political, and personal differences will continue to preclude close ties.

[REDACTED]

[REDACTED] //Tanzania has apparently been hurt more than Kenya by the airline's collapse and the border closure. Tanzanian tourism, much of which has customarily been routed through Nairobi, has been especially hard hit, and the cessation of passenger and freight service on Lake Victoria is reportedly causing acute transportation problems on the Tanzanian side. At the same time, the more developed Kenyan economy has apparently been better able to absorb the losses resulting from the disruption of trade.//

[REDACTED] Since independence in the early 1960s, the two countries have been gradually drawn apart by divergent national priorities, conflicting approaches to development, and personal differences between their leaders. The contrast is striking between Kenya, with its more advanced and essentially capitalist economy, and Tanzania, with its emphasis on socialism and communal cooperation.

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[] The recent incidents will probably have some lasting effects, including efforts by Tanzania to reduce permanently its trade with Kenya and to seek alternate sources for goods, such as petroleum supplies, normally obtained from Kenya. Tanzania has long been concerned about its dependence on Kenya. It is apparently preparing to redirect its trade and transportation links toward its more ideologically compatible neighbors to the south, Zambia and Mozambique.

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[] Kenya, for its part, appears prepared to go it alone, at least for the time being. []

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